Capital Deployment in Practice: What Gets Funded and Why

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The deployment gap • Capital that moves vs capital that sits • The mechanics, not the aspiration

Risk for philanthropic capital is far less related to regulatory risk. Risk should much more be about the risk of not achieving impact with still very limited philanthropic dollars that move around the world. And if we start to really be anxious about that kind of risk, it actually can help to motivate some very positive behavior change and a complete reimagination of how to prioritize grant-making.

— Nathaniel Heller, EVP, Geneva Global & Global Impact Ventures

Verbatim · EP1 · 40:31

CORE INSIGHT

The capital deployment gap is not a supply problem — it is a conditions problem.

Sufficient philanthropic and impact capital exists. What is missing is the trust infrastructure, the quality of on-the-ground organisations, and the willingness of donors to measure risk as missed impact rather than regulatory compliance.

~23%
Overall decline in Official Development Assistance — across an increasing number of donor governments, confirming a structural trend, not a temporary dip.
OECD 2025 · Referenced EP1 · 10:41

90%
Speed School costs in Ethiopia now covered by the national government — after ~12 years of patient private capital, with tens of thousands of teachers trained.
Geneva Global / Speed School · EP1 · 18:33

~1M
Children returned to school across two East African countries through Speed School — a flagship patient-capital success case over a decade-long horizon.
Geneva Global / Speed School · EP1 · 18:33

WHAT IS WORKING

- **Patient capital (10–20 yr horizon)** that builds government ownership — Speed School in Ethiopia, now 90% state-funded after a solid dozen years of private donor backing.
- **Cost-effectiveness philanthropy (deworming, GiveWell-style)** — very low cost per student with measurable gains in educational outcomes and long-term livelihoods.
- **Donor collaboratives with governance codified upfront** — peer pressure unlocks bolder commitments than any solo funder would make alone.
- **Intermediaries building global legal infrastructure (UK, Canada, Australia, and Africa)** to route capital around geopolitical friction and proximate grant-making.

WHAT IS NOT WORKING

- **Donor hubris** — funders engineering solutions without domain expertise, treating grantees as implementing contractors rather than trusting frontline organisations.
- **Over-indexing on regulatory compliance while ignoring efficacy diligence** — passing a terrorist-screening check does not confirm an organisation is effective.
- **Matchmaking platforms that assume donors maximise social ROI** — in practice emotional and relational factors dominate. Most such platforms have historically failed.
- **Business-as-usual grant-making** to mediocre organisations without interrogating theory of change or real-world impact track record.

WHAT ACTUALLY UNLOCKS CAPITAL — THREE CONDITIONS

1. **Trust in the people doing the work** — reputation and relationships drive capital flow. "That's 99% of the game.".
2. **Compelling evidence of impact** — stories anchored in data. Neither story nor data alone is sufficient to open checkbooks.
3. **Strategic alignment** — donor strategy and organisational strength must match. "Singing from the same sheet of music.".

THE DONOR COLLABORATIVE FORMULA — THREE CONDITIONS

1. **Governance before capital moves** — veto rights, decision rules, and minority opinion protocols must be codified at the outset — not assumed.
2. **Peer pressure unlocks scale** — seeing 10 foundations commit $50M can stretch one donor from $5M to $10M. A verified, virtuous cycle.
3. **Block grants cut friction** — one collaborative grant vs ten separate donor relationships reduces grantee transaction costs dramatically.

DONOR COLLABORATIVES — WHEN THEY WORK AND WHEN THEY DON'T

1 + 1 = 3, NOT 2

Material trust through shared decision-making lets donors take greater collective risks than any would take individually.

CAPITAL UNLOCKED

If 10 others put in $50M, one donor may stretch from $5M to $10M. A positive, virtuous cycle — confirmed in practice.

EFFICIENCY FOR GRANTEES

One block grant over ten separate donor relationships. Less paperwork, more implementation focus for everyone involved.

Where they break down: Governance is not codified upfront. When veto rights, decision rules, and minority opinion processes are not agreed before capital moves, passive-aggressive logjams follow. Donors accustomed to doing things their own way resist being told no. Heller's prescription: design the rules before the money moves — "at least you have a playbook when donors are at loggerheads."

RAPID FIRE — HELLER'S VERBATIM CLOSING ANSWERS

Capital deployment fails most often because...

"Too much focus on bean counting in terms of dollars deployed and not enough on impact achieved in the world."

One thing philanthropists should stop believing...

"That they know how to solve problems in communities."

Most underestimated condition for effectiveness...

"The knowledge and expertise of community-based and local organisations who probably do know how to solve problems in their communities."

A deal actually gets funded when...

"Everybody ends up singing from the same sheet of music — shared excitement and alignment between donor strategy and organisational strength."

Too much capital going to... not enough to...

"Too much to business as usual. Not enough to cost-effective and proven impact-generating organisations and programmes."

Who is genuinely experimenting right now...

Coefficient Giving (formerly Open Philanthropy) and Founders Pledge — plus long-horizon players like Mulago Foundation.

ONE IMPLICATION FOR PRACTITIONERS

If you are a family office, foundation, or institutional investor asking why your capital is not reaching high-impact opportunities — start by auditing your due diligence process. The question is not "Are we compliant?" It is "Can we demonstrate we are funding organisations that are genuinely better than the alternatives?" That shift changes everything downstream.

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